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**Statement of Paul Tetrault, Northeast State Affairs Manager
To the Insurance and Real Estate Committee
February 5, 2009**

Re: SB-530, An Act Establishing A State Natural Catastrophe Fund

I am pleased to offer the views of the National Association of Mutual Insurance Companies regarding SB-530, "An Act Establishing A State Natural Catastrophe Fund."

Founded in 1895, NAMIC is the nation's largest property and casualty insurance association. NAMIC members underwrite more than 40 percent (\$178 billion) of the property/casualty insurance premium written in the United States. NAMIC has taken an active role in policy discussions relative to the exposure of coastal states to catastrophic losses, providing testimony in several states and in Congress.

Recognizing the growing policy debate over the nation's response to natural disasters and particularly exposure to coastal storms, NAMIC formed a task force in December of 2005 to thoroughly consider the implications of various policy approaches. The task force developed a statement of principles to guide policy discussions focusing on the need for market freedom, competitive pricing, underwriting freedom and mitigation.

Regarding the role of government, the task force concluded that the private market is best suited to respond to all but the most extreme instances of natural disasters. Consequently, NAMIC does not support the creation of state catastrophe funds meant to perform a function that is now being performed by the private market.

Furthermore, NAMIC believes it is imperative to fully consider potential unintended consequences of any proposals aimed at improving market conditions. Measures that are intended as solutions to marketplace developments can often have adverse consequences, including consequences that are the opposite of what was intended.

I would be happy to provide any additional information to the Insurance and Real Estate Committee regarding NAMIC's position that may be helpful in its consideration of SB-530.

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